THE INDIA CEMENTS LIMITED

Corporate Office : Coromandel Towers, 93, Santhome High Road, Karpagam Avenue,
R.A. Puram, Chennai - 600 028. Phone : 044-2852 1526, 2857 2100
Fax : 044-2851 7198, Grams : 'INDCEMENT'
CIN : L26942TN1946PLC000931

SH/SE/

03.02.2023

BSE Limited
Corporate Relationship Dept.
First Floor, New Trading Ring
Rotunda Building
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
MUMBAI 400 001.

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (E)
MUMBAI 400 051.

Scrip Code: 530005

Scrip Code: INDIACEM

Dear Sirs,

Sub.: Press release on unaudited financial results for the quarter and nine months ended 31.12.2022

In continuation to our letter dated 03.02.2023, forwarding a copy of the unaudited financial results for the quarter and nine months ended 31.12.2022, we enclose a copy of the 'Press Release' issued today in this regard.

Thanking you,

Yours faithfully,
for **THE INDIA CEMENTS LIMITED**

S. Sridharan

S SRIDHARAN
COMPANY SECRETARY

Encl.: As above

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Fax : 044-2852 0702 Grams : 'INDCEMENT'

3rd February, 2023

Press Release

THE INDIA CEMENTS LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE III QUARTER AND NINE MONTHS ENDED 31ST DECEMBER'22

The quarter as well as nine months under review was severely impacted by the unprecedented rise in the cost of fuel and power which could not be compensated in the market place due to huge supply overhang. This was compounded by the loss of volume on account of monsoon as well as commercially unviable markets of east and north east due to high landed cost of the product. The company's sub optimal performance during the quarter and nine months period was on account of the above factors.

Industry:

As earlier mentioned, while there was a smart pick up in cement consumption in the first quarter of the year with over 17% growth over that of last year, the same trend was not visible during the 2nd quarter with a sluggish growth of around 1.8 to 2% only due to extended monsoon. During October'22, the industry suddenly witnessed a negative growth of 4.3% but swiftly improved to more than 25% growth in November'22 and again slowed down to 9% growth in Dec'22 to finish the nine months with an overall growth of around 10%. This inconsistent movement in the demand for cement had a telling impact

Registered Office : Dhun Building, 827, Anna Salai, Chennai - 600 002.
www.indiacements.co.in
Email id: investor@indiacements.co.in

on the industry in general. Southern cement industry which recorded a healthy growth of 15% in the first half of the year had to be content with a lesser growth of around 10% in the third quarter with an overall growth of 13% upto December'22.

While there was some relief in the cost of production with a marginal drop in the price of imported coal and petcoke during the 3rd quarter, the severe competition in the market place due to excess supply resulted in continuous pressure on selling prices. While the demand indicator for cement are good, no amount of growth in demand can counteract the cost increase which does not show any sign of abating. This results in uncompensated cost increase for the industry in general. The exchange rate of dollar has also gone up more than 10% during the year adding the woos of the industry. While the all India players had a reasonable increase in the selling price elsewhere in the regions to partially offset the cost increase, the industry in south had to bear the impact of cost push without much increase in the selling price of cement.

Company:

For the quarter under review, the overall volume of clinker and cement for the company was at 21.82 lakh tons up by 3% as compared to 21.08 lakh tons on YOY. For the nine months, the overall volume was up by 11% at 71.08 lakh tons (64.13 lakh tons). This is compared to an approximate overall growth of 13% for the cement industry in south during the same period. The company has got a basket of plants of various vintage and technology with varying operating parameters of power and fuel and hence the impact on cost of production on account of increase in coal price, diesel , etc. was much higher as compared to some of the peers. With lower production of blended cement on account of market mix, with lower capacity utilization of 56% during the quarter and 61% for the nine months period alongwith uncompensated cost increase eroded the margins substantially with consequential impact on the liquidity. As a prudent policy, the company restricted its despatches to low contributing areas in Maharashtra, east and far east markets during the year which resulted in lower growth for the company as compared to peers. With the improvement in liquidity arising out of selling of investments in Madhya Pradesh, it is reasonably expected that the capacity utilization will improve further in the months to come.

The cost per Kcal of fuel increased from Rs.1.95 per Kcal to Rs.2.95 per Kcal during the quarter under review on YOY basis. The average power cost also went up by more than Rs.1.50 per unit and both contributed for an increase of Rs.1000 per ton of cement while the increase in NPR improved was hardly Rs.280 per ton of cement resulting in steep erosion in margins. Consequently there was a negative EBIDTA of Rs.66 crores for the quarter as compared to an EBIDTA of Rs.110 crores in the same period of the previous year. Interest charges were higher at Rs.61 crores(Rs.50 crores) while depreciation was at Rs.54 crores as that of previous year. The loss before tax and extra ordinary items stood at Rs.180 crores as compared to a profit of Rs.5 crores for the quarter. There was an exceptional income representing profit on sale of investments at Madhya Pradesh of Rs.294 crores and the profit before tax was at Rs.114 crores after reckoning the same, as compared to a profit of Rs.5 crores before tax in the previous year. After tax and other adjustments, the total comprehensive income for the quarter was at Rs.88 crores as compared to a profit of Rs.3 crores in the previous year.

The above results were taken on record by the Board of directors at their meeting held on 3rd February 2023.

OUTLOOK

The global economy is in midst of a turmoil due to a range of factors including resurgence of covid in select geographies, risks created by the on-going Russian-Ukraine war,continued geo-political tensions in Europe and monetary tightening by top central banks.

Indian economy is also stressed by domestic inflationary pressure, inputs cost spiralling, interest rate hikes and depreciating Rupee value against US Dollar.

At the same time, Indian economy is expected to remain resilient to weather the global headwinds although global agencies and official estimates have reassessed GDP growth to be around 6.8 to 7 per cent in 2022-23 and around 6.5% in 2023-24.

The recent Budget for 2023-24 has retained focus on giving push to big ticket infrastructure projects and urban infrastructure development in tier 2 and 3 cities. It has envisaged a big jump of 33 % in capex at Rs.10 lakh crore apart from the highest ever outlay of Rs 2.4 lakh crore for railways.

Outlay under PM Awaas Yojana enhanced by 66% to Rs 79000 crore. The Finance Minister has also enhanced the limit for rebate for Income tax from Rs 5 lakh to Rs 7 lakhs.

Since the cement industry, especially in the South, has built adequate capacity to meet the demand of housing and infrastructure sectors, substantial capex in the Budget will augur well for sustaining the cement demand from increased construction and house building activity.